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Thailand

Grain and Feed

Rice harvest delayed due to rain 2008

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Report Highlights:

The MY2008/09 main-crop fragrant rice paddy harvest is being delayed due to unseasonal rain and flooding. Damage due to flooding is expected to be marginal as water has receded quickly. MY2008/09 fragrant rice paddy production will likely remain 3-5 percent higher than last year and reach to 5.3 million tons. In severely flooded areas (1-2 percent of major growing area) head yield is estimated to decline by 15-20 percent. Current farm-gate prices of fragrant rice are 25-30 percent lower than intervention prices which will result in smaller exportable supplies of fragrant over the next couple of months.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Bangkok [TH1]
[TH]

Harvest delayed due to flooding

Recent crop assessment travel in affected regions confirm that the MY 2008/09 fragrant rice paddy harvest is being delayed due to unusual flooding following heavy rain during the first week of November in major growing areas in the northeast. Many growing areas suffered repeated flooding, particularly in the lower northeast which accounts for approximately 30-40 percent of total fragrant rice paddy cultivation. Crop harvest progress is presently far below the normal 50 percent of total planted areas by mid-November. However, flood damage is expected to be marginal as water has receded quickly. MY2008/09 fragrant rice paddy production will likely remain 3-5 percent higher than last year and will reach 5.3 million tons. Anticipated average yield improvement, up by 10 percent in some areas, is expected to offset the flood damage. Flooding will likely affect head yields of fragrant rice which is the weight percentage of rough rice that remains as whole rice after complete milling. Severely flooded areas account for around 1-2

percent of major growing areas. Head yield in these areas is estimated to decline by 15-20 percent. The Office of Agricultural Economic (OAE) estimated overall flooding at 291,652 rai (46,664 hectares) due to unusual heavy rain between last week of

Table: Impact of Flooding during Crop Harvest (as of Nov. 12, 2008)

Unit: Hectare

Crops	Flooded Area	Damaged Area
Rice	31,540	1,854
Filed Crop	13,593	702
Others	1,532	29
Total	46,664	2,584

Source: OAE, Ministry of Agriculture and Cooperative

October and the first week of November. However, the damage is marginal, accounting for around 5 percent of total flooded areas most of which are in the north.

Farm-gate prices far below the intervention prices

Current farm-gate prices of fragrant rice paddy are at around 11,000 - 12,000 baht/ton (\$316-345/MT) which is approximately 25-30 percent lower than the intervention prices of 15,000 baht/ton (\$431/MT). Meanwhile, export prices were offered at around \$700 – 750/MT, FOB, down significantly from over \$1,000/MT during April – June 2008. Foreign buyers who aggressively buy newly harvested fragrant rice are reportedly quiet as they expect the prices will likely remain under downward pressure. Farmers are expected to sell paddy to the intervention program, particularly for on-farm storage as they will get additional 1,000 baht/ton, regardless of moisture content and head yield. The program in the northeast will be fully implemented by mid-November as the Government has relaxed some of local purchasing requirements enabling rice mills in the northeast to buy fragrant paddy from other provinces. Farm-gate prices are expected to bottom out at 11,000 baht/ton of paddy (\$316/MT) as most of fragrant rice supplies will be stockpiled in the government stocks. However, the likelihood of a domestic fragrant rice price surge is unlikely as the Government is finalizing the release of old-crop fragrant rice stock of around 700,000 tons in the tender of 3.0 million tons of white rice and fragrant rice on November 5, 2008 ([TH8175](#)). Fragrant rice stocks are expected to be sold domestically as export market prefers new-crop rice.

End of report.